

THE PRESIDENT'S INTELLIGENCE CHECKLIST

11 MAY 1962

~~TOP SECRET~~

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1. Laos

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a. We have no information on major military moves beyond the fall of Ban Houei Sai, although Vientiane is developing a bad case of jitters over the possibility of Communist attacks in central and southern Laos.

b. Phoumi, keenly conscious of lost prestige as a result of the Nam Tha affair, has promised to send a message to Souvanna stating that he is prepared to resume tripartite negotiations and indicating a willingness to yield the defense and interior ministries under certain conditions. He is, however, again showing stickiness about a meeting in Khang Khay. The French tell us that Souvanna, in his present mood, would return immediately to Laos if Phoumi's communication strikes him right.

c. The National Assembly reconvenes today. There have been no recent indications that the assemblymen will be anything but obedient to Phoumi, but a few may have some surprises up their sleeves. 50X1

2. Indonesia

Subandrio, now back in Djakarta, says that as a result of his mission to Moscow, new Soviet military equipment will begin arriving in the next few weeks. More disturbing, however, are his public remarks intimating that the US is partially responsible for Indonesia's need for Soviet arms because it "permitted" the Dutch to reinforce West New Guinea. 50X1

3. Sino-Japanese trade relations

The Japanese government, under mounting pressure from business and impressed by the muting of Peiping's demands for political concessions as the price for more trade, appears likely to authorize the extension of limited lines of credit to finance exports to Communist China. The Chinese, meanwhile, are tempting Japanese traders with some juicy plums. 50X1

they have been telling Japan that they are interested in buying "three or four" complete fertilizer plants from Japan. 50X1

4. Ne Win declines invitation to visit US



In character, he failed to express appreciation and offered no regrets. By way of explanation to Ambassador Everton, a second-level Foreign Office official would only say that the general was still smarting from the bad reaction of the American press to his decision to kick the Fulbright and Asia Foundation programs out of Burma. Ne Win may also feel, however, that a trip to the US at this time--which would be his first formal foreign visit since his return to power--would appear unneutral. 50X1

5. US Congressional action killing the war damage claims bill causes outburst in Manila



Filipino congressmen are demanding a reevaluation of US-Philippine relations and President Macapagal is seriously considering the postponement, or cancellation, of his trip here next month. Some sort of token retaliation seems inevitable. 50X1

6. Party official appointed chief political officer of the Soviet armed forces



This highly sensitive post, which in recent years has been held by a professional soldier, now goes to Aleksey Yepishev, presently Ambassador in Belgrade. Yepishev was apparently deeply involved in the political machinations before and after Stalin's death until he was farmed out to the diplomatic service in 1955. The military are not likely to be pleased at his appointment. Aside from its significance as another indication of serious political maneuvering, our demonologists see in the move a suggestion that decisions unpalatable to the military are in the offing. 50X1

NOTES

A. President Betancourt, following through on his threat made during the height of the Carupano uprising last week, issued a decree last night which slaps severe restrictions on the activities of the Venezuelan Communist Party and the Castroite "Movement of the Revolutionary Left." The Communist side is not likely to take this lying down, but there is no reason to think Betancourt's security forces cannot enforce the decree.

B. West Berliners were very favorably impressed by Adenauer's press conferences, but response in West Germany has been almost universally against him.

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D. At the UN, Indian Brigadier Rikhye tells us that Krishna Menon wants to pull Indian troops out of the Congo in order to bolster India's border defenses. Rikhye, who is going home on leave, says he will urge Nehru to override Menon.

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E. We are getting suggestions that the Soviet aid program to Nepal--launched with much fanfare when Khrushchev and Bulganin visited Katmandu in 1956--has all but ground to a halt, partly as a result of prolonged bickering over administrative details

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F. The economic conference of non-aligned nations that the UAR has been energetically promoting for the past several months is firming up. Cairo, claiming to have lined up fourteen participants so far, has suggested that the meeting convene in Cairo next July and is proposing an agenda which adds up to consideration of ways and means of expanding trade and of keeping up prices on raw materials.

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G. Almost complete returns from municipal elections yesterday in England and Wales show the conservatives losing 518 seats, Liberals gaining 327 and Labor up by 260.

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DOCUMENT OF INTEREST

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THE DIRECTOR OF CENTRAL INTELLIGENCE